

# Micropay Professional

## Income Levy Recalculation

**\*\*Please note the Payroll Year End Update CD must be run before processing the final pay period\*\***

The recalculation will be done in the first pay period that the employee's insurable weeks have reached 52 or greater. Once the Income Levy Recalculation has been completed and the refund has been processed, it should not be done again.

### Extra pay periods

If the employee's insurable weeks reaches 52 (or greater) for the first time in pay period 53, the recalculation **will not be processed** in this period.

If the employee reaches 52 weeks in a previous pay period, Income Levy will be calculated as normal in an extra pay period (i.e. no further recalculation).

### Under 65 Threshold not exceeded. Gross Income for the tax year is less than 15,028

If the employee's Gross Income for the tax year is less than 15,028, the employee is not liable to pay Income Levy. If Income Levy was deducted for any pay period in the tax year, a full refund of this amount is due.

### Over 65 Threshold not exceeded. Gross Income for the tax year is less than 20,000

If the employee has a date of birth that means they will reach the age of 65 on or before the 31st of December in the current year and the employee's Gross Income for the tax year is less than 20,000, the employee is not liable to pay Income Levy.

If Income Levy was deducted for any pay period in the tax year, a full refund of this amount is due.

### Employees with Full Medical Cards have no Income Levy liability

If an employee was in possession of a Full Medical Card at any point during the tax year, they are not liable for any Income Levy contributions during that particular year.

If the employee started the year without a Full Medical Card they may have been liable for Income Levy contributions (subject to the appropriate thresholds).

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If they subsequently qualified for a Medical Card, the Income Levy contributions that they made earlier in the year should be automatically refunded to them upon reaching 52 insurable weeks.

## Individuals liable at a lower rate(s)

An employee is normally deducted Income Levy at a particular rate(s). Due to an increase in payments for one or more periods they are temporarily pushed into a higher rate. However, at the end of the year their Gross Income is below the threshold for the highest rate they were temporarily pushed into.

In this situation an adjustment should be made at the end of the year with a refund of any overpayment of income levy deducted.

- The income arising in the period 1 January 2009 to 30 April 2009 is subject to the income levy rates and thresholds in force in the period 1 January 2009 to 30 April 2009. (a.k.a. Budget Period 1)
  - The period thresholds for each rate should be multiplied by the number of pay weeks in that part of the year, to determine the proportion of the total pay for this part of the tax year to be calculated at each rate.

### Weekly Thresholds for Budget Period 1

- Rate 1 = 1,925
- Rate 2 = 4,810

### Monthly Thresholds for Budget Period 1

- Rate 1 = 8,342
- Rate 2 = 20,844

System should determine the total pay for Budget Period 1.

- The income arising in the period 1 May 2009 to 31 December 2009 is subject to the income levy rates and thresholds in force in the period 1 May 2009 to 31 December 2009. (a.k.a. Budget Period 2)

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- The period thresholds for each rate should be multiplied by the number of pay weeks in that part of the year, to determine the proportion of the total pay for this part of the tax year to be calculated at each rate.

## **Weekly Thresholds for Budget Period 2**

- Rate 1 = 1,443
- Rate 2 = 3,365

## **Monthly Thresholds for Budget Period 2**

- Rate 1 = 6,253
- Rate 2 = 14,582

System should determine the total pay for Budget Period 2.

Refunds must only be processed for employees that have been in continuous employment with the company for the tax year.